GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR
LOK SABHA

UNSTARRED QUESTION NO:2666
ANSWERED ON:14.03.2001
LIBERALISATION IN FUNDS
JAIBHAN SINGH PAWAIYA;VIJAY KUMAR KHANDELWAL

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTR be pleased to state:

(a) whether the contribution of small scale units in exports of the country is 30 percent;

(b) if so, whether the large industrial units are allowed to take loans to the tune of 19 percent of the value of their production whereas small scale industries are allowed loan only to the tune of 8 percent of the value of their production;

(c) if so, whether the Government propose to remove this discrepancy to liberalise the flow of funds for small scale industries;

(d) if so, the time by which a decision is likely to be taken; and

(e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGF RURAL INDUSTRIES (SMT. VASUNDHARA RAJE)

(a): The contribution of the small scale units in the total exports of the country during 1999-2000 was over 30%.

(b) to (e): Based on the recommendations of the Nayak Committee, the Reserve Bank of India (RBI) has directed that the small scale sector should get 20% of its annual projected turn-over as working capital loan. Since the flow of working capital to SSI sector was falling short of this normative requirement, RBI has issued instructions to the Banks from time to time to adhere to these norms. These instructions have been reiterated by the RBI to all scheduled commercial banks on 15th September, 2000. The limit for computation of aggregate working capital has also been enhanced from Rs. 4 crore to Rs. 5 crore with effect from March, 1999.